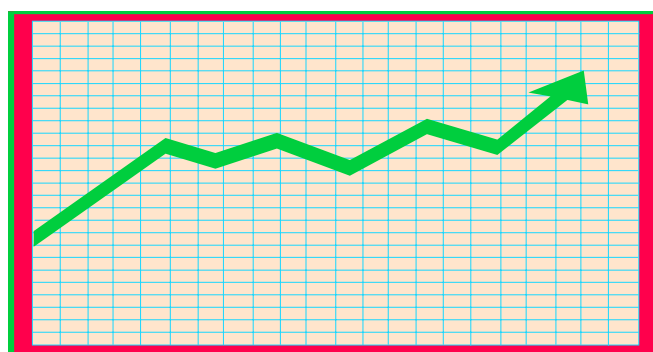


A DEMOGRAPHIC OVERVIEW OF KENTUCKY



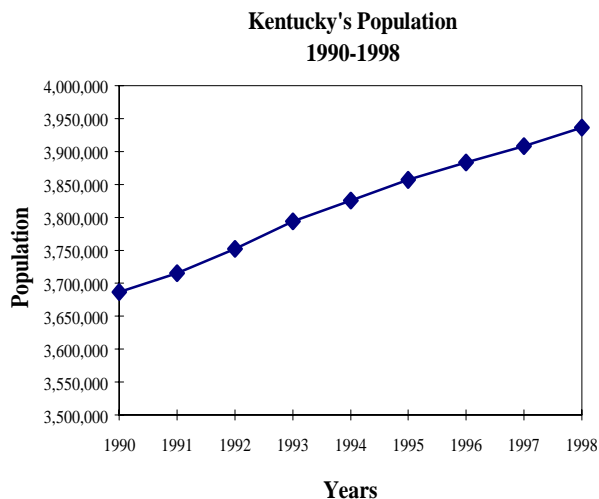
A DEMOGRAPHIC OVERVIEW OF KENTUCKY

Kentucky's location in the center of the eastern United States places it along the nation's major highway, rail, inland water, and air transportation routes. The state is bordered by seven states. Kentucky ranks 37th in area among the 50 states with an area of 40,411 square miles. Kentucky's diverse geography, climate, location in the center of the nation's industrial and economic markets, and position as a crossroads state have resulted in a complex transportation system to meet the diverse needs of its population.

POPULATION

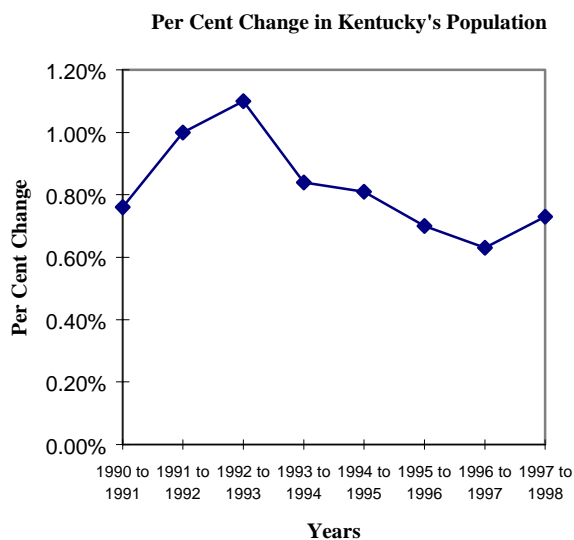
Kentucky's 1998 population estimate of 3,936,499 reflects a slight increase (0.7 percent) from the 1997 estimate. This change reflects the pattern of continued increase of the 1990s, although at a slightly slower pace than during the first seven years of the decade, as shown in Figures 3.1 and 3.2.

FIGURE 3.1



Source: U.S. Dept. of Commerce, Bureau of the Census

FIGURE 3.2



Source: U.S. Dept. of Commerce, Bureau of the Census

The average population density in 1990 was 91 per square mile, with higher densities occurring in the north central, eastern and western parts of the state. Exhibit 1 shows the sixty-five counties that experienced a loss in population between 1980 and 1990 and those counties that experienced a gain in population for the same period.

This population change reveals a decrease in some urban counties, but there is also a continued out-migration from the rural counties of Eastern Kentucky (Pike, Floyd, Letcher, Perry, Breathitt, Johnson, Leslie, Clay, Harlan, and Bell) and to a lesser extent from the rural counties of South Central and Western Kentucky. This migration of the available work force is at least partially attributable to a lack of employment opportunities in these rural areas.

Exhibit 2 shows a very similar pattern of population change in Kentucky's counties from 1990 to 1998. Although a greater increase in population was seen in Kentucky's lake areas, particularly Lyon and Trigg Counties, the counties reflecting the greatest gains over the last two decades were counties with high manufacturing and industrial bases, but not specifically those counties with major cities located in them. The fifteen counties in Kentucky experiencing the greatest growth between 1990 and 1998 include: Spencer, Boone, Oldham, Gallatin, Grant, Scott, Anderson, Trimble, Bullitt, Lyon, Nelson, Garrard, Trigg, Jessamine and Meade, in order of the greatest increase. The most growth occurred in the rural and "ex-urban" (those counties adjacent to the urban counties) and those counties along Interstates 64, 65, 71, and 75 (Exhibit 2).

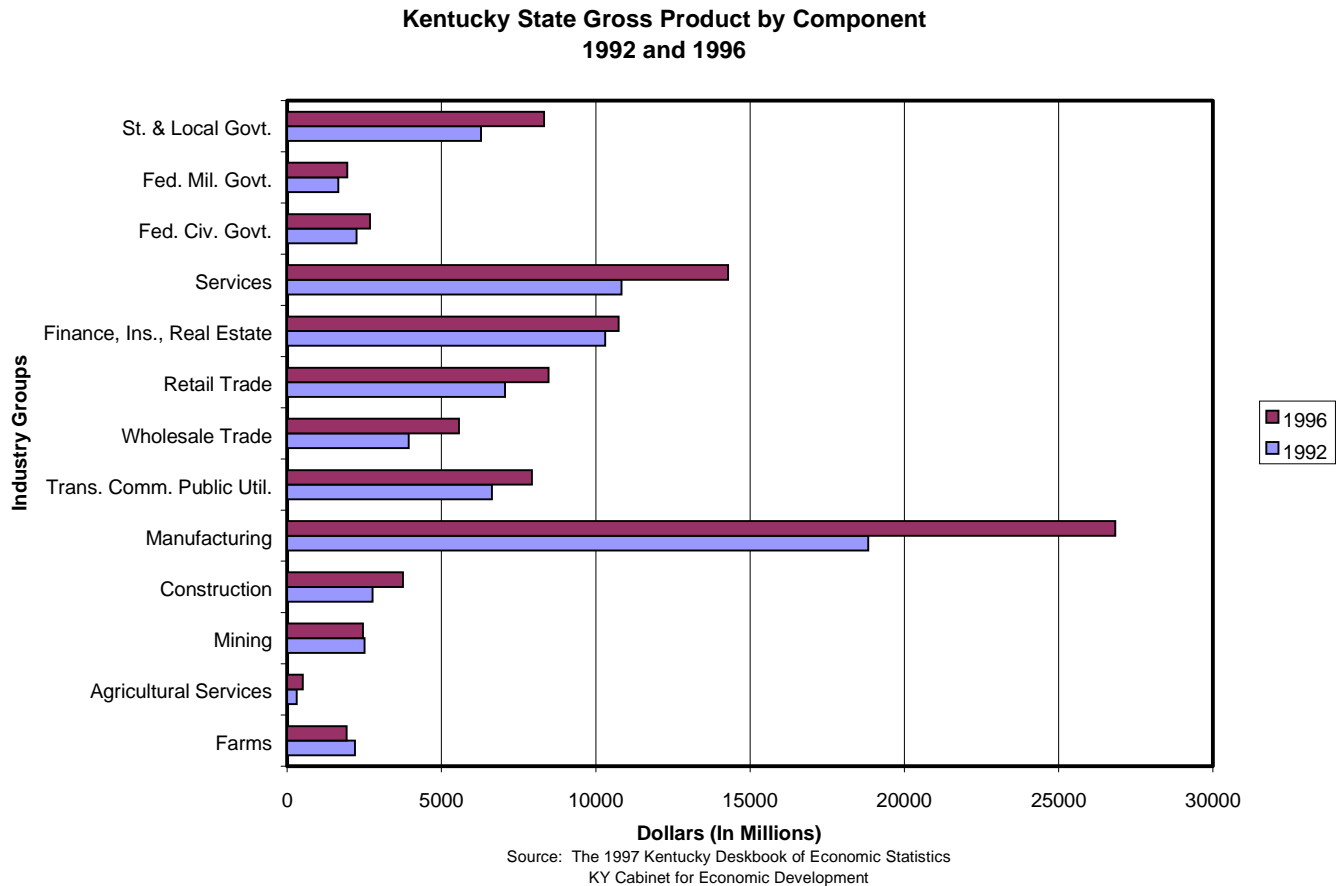
The urban areas in Kentucky have generally experienced a continued net in-migration in every decade since 1940. Also, the number of urban counties has increased since 1960. However, while the state's urban centers have certainly grown, the urban population has become more dispersed, spreading into the neighboring counties. As a result, the "ex-urban" counties (those without a major central city, like Boone and Oldham) have been among the fastest growing counties in the state over the last three decades. As one would expect, much of the population decreases were seen in the more rural counties (Harlan, Monroe, Carroll, Mason, and Martin) in Kentucky. However, unlike the nation as a whole, Kentucky still remains a relatively rural state. More than one-fourth of the state's population lives in Kentucky's largest cities, but almost 52 percent of the population lives in the rural areas. Nationally, only one quarter of the population lives in rural areas. Exhibit 3 shows the distribution of Kentucky's population by county in 1990, the most recent census year.

It is important to note that many population projections suggest that increasing growth will occur with the proportion of older residents in Kentucky, as is projected nationally as well. Kentucky's elderly population living in rural areas (44 percent) is already nearly twice that of the nation (25 percent). If Kentucky continues to retain many of its residents as they reach retirement age, this percentage of elderly population living in rural areas in Kentucky is likely to increase. Recent rural migration has been strongest in areas near the state's large recreational lakes, for example. The University of Kentucky Center for Business and Economic Research forecasts the population of 50 to 59 year-old Kentucky residents to grow by four percent per year from 1998 through 2000 (1998 Annual Economic Report). The Center predicts the number of persons over age 85 will grow by 5.4 percent per year over this same period. Therefore, it is reasonable to expect an increase in the traffic flow on rural roads in the lake areas and the communities surrounding them. It is possible that we could see a stronger need for rural public transit in these areas as well in future years.

INDUSTRY

Until the 20th century, farming was the main source of income in Kentucky. Manufacturing was limited, largely due to processing agricultural commodities and timber resources. A shift toward manufacturing began in the 1930s and increased markedly after 1945. The state's success in attracting new industries was in part due to the abundance of coal and the availability of low-cost hydroelectricity. As the 1990s began, manufacturing became Kentucky's dominant economic activity, followed by the services, financial, retail trade, transportation and utilities, and governmental sectors. Figure 3.3 shows that the largest industry groups, based on their contribution to the total state gross product in 1996, were as follows: manufacturing, services, financial, insurance and real estate, retail trade, and state and local government. State gross product statistics for 1997 reveal the same pattern as for 1996 with manufacturing leading the list of contributors to the state gross product.

FIGURE 3.3

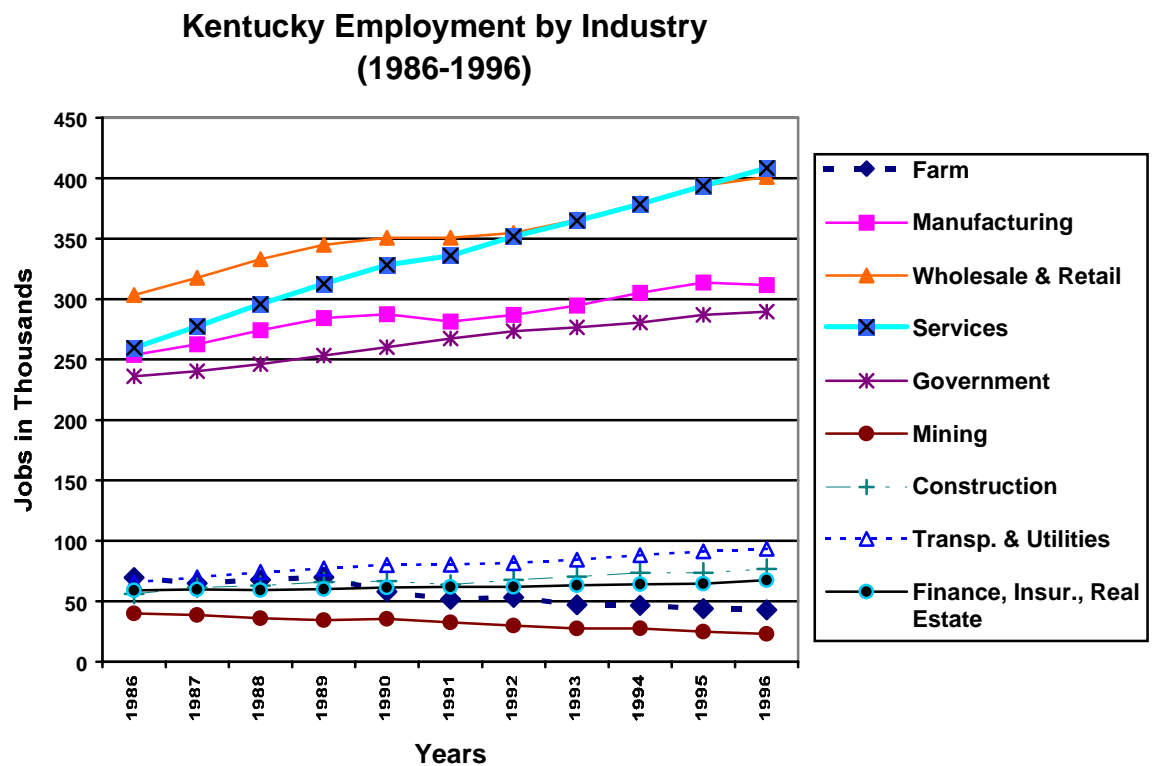


Manufacturing accounted for approximately 16.9 percent of Kentucky jobs in 1997. Employment in this sector showed an increase of 24 percent between 1969 and 1994, while the national figure reflected a 7 percent decline. Projections made by the University of Kentucky's Center for Business and Economic Research show that growth in manufacturing should continue at an average annual rate of 0.7 percent from 1998 through 2000, while a decline of 0.3 percent is forecast nationally (Figure 3.4).

In 1997 the principal manufacturing employers in Kentucky included the transportation industry, industrial machinery, printing and publishing, textiles and apparel, food, and electric/electronic equipment. Employment in the transportation industry (automobiles and satellite industries) moved from fourth in 1993 to the top employer by industry in 1997.

Manufacturing will remain the key to creating economic wealth. Kentucky's geographically strategic position has enabled it to become a major participant in the automobile assembly and parts supply industry. However, research suggests that small manufacturers in rural areas have lower adoption rates of new technologies than their urban counterparts. Part of the reason is that smaller firms generally have greater difficulty finding skilled workers. Therefore, there may be a need to develop more skilled workers in Kentucky. Kentucky should not ignore rural areas as having a tremendous potential for economic growth in the future.

FIGURE 3.4



INSERT EXHIBIT 1

INSERT EXHIBIT 2

INSERT EXHIBIT 3

From 1989 to 1998, the “services” and “wholesale and retail trade” sectors also showed relatively large growth in employment. While little growth is expected in earnings per employee, the number of workers employed in these employment sectors is expected to continue to grow. In 1998 the “services” sector accounted for approximately 25 percent of the jobs in Kentucky. It is projected that the “services” sector employment will grow by about three percent annually through the year 2000, while the growth rate for this sector nationally is 2.8 percent.

Relative to the nation, employment growth in Kentucky has also been more rapid in transportation, communications, and utilities. This trend in part reflects the greater demand for communication and utility services as the lower-income areas of the state have caught up with service levels nationwide. The state’s advantageous location relative to national population centers may in part explain the higher-than-average growth in transportation and wholesale trade.

The same trends that the residential population exhibit are mirrored in the manufacturing and service industries, which serve that population. Commercial businesses that were concentrated in downtown areas are dispersing throughout the suburban areas. Kentucky has welcomed new industries, shifting from the industrial midwest, partly due to the new more effective systems of trucking and intermodal freight movement, and the growing commercial transportation corridors connecting the South and the upper Midwest. As a result, we have seen a growing truck, rail, and intermodal freight network in Kentucky.

As shown in Exhibit 4, sixty-seven counties in Kentucky currently have a minimum of fifty acres of industry-ready sites available for manufacturing and industry. “Industry-ready” means sites with utilities and roadways already in place and ready for immediate construction or occupation of speculation sites. Kentucky has also recently initiated a cooperative program of establishing Regional Industrial Parks in rural areas. The first six regional parks, which are a cooperative venture between several counties, are shown in Exhibit 4 and are also listed below with the participating counties for each Industrial Park:

- East Park Regional Industrial Park – Boyd, Carter, Elliot, Greenup and Lawrence
- MMRC Regional Industrial Park – Carter, Menifee, Morgan and Rowan
- Honey Branch Regional Industrial Park – Floyd, Johnson, Martin and Pike
- Coalfields Regional Industrial Park – Breathitt, Harlan, Leslie and Perry
- Four Star Regional Industrial Park – Henderson, McLean, Union and Webster
- South East Industrial Park – Knox, Laurel and Whitley

It is anticipated that, with the establishment of such regional parks, economic growth will begin to flourish in the rural areas of Kentucky. With available industrial sites, a strong civilian work force, and high unemployment rates in the rural counties (Exhibit 5), together with accessible transportation routes, Kentucky is in a prime position to attract industry to the Commonwealth. To remain economically competitive, Kentucky will continue to need an effective transportation network providing good access for moving freight and people to and from these locations.

TOURISM

Kentucky enjoys a major tourism industry with millions of travelers contributing a total of \$7.4 billion to Kentucky's economy in 1997. Approximately 80 million tourists visit Kentucky each year. Kentucky has six national areas – Mammoth Cave National Park, Land Between The Lakes, Cumberland Gap National Historical Park, the Daniel Boone National Forest, Big South fork National River and Recreation Area, and the Abraham Lincoln Birthplace National Historic Site. About four million people visit the three main areas in the state which are administered by the National Park Service. In 1996 almost two million people visited Mammoth Cave National Park, located off I-65 in South Central Kentucky. This cave contains the longest known cave system in the world. Other areas are Abraham Lincoln's Birthplace National Historic Site and Cumberland Gap National Historical Park. Big South Fork National River and Recreational Area, along a head stream of the Cumberland River and partly in Tennessee, is being developed for public use. In addition, the state maintains a system of 50 state parks including 16 resort parks and 34 recreation areas.

In 1997, expenditures in the travel and tourism industry resulted in the equivalent of 146,738 full-time year-round jobs, making it Kentucky's second largest private employer.

INCOME

Kentucky's median household income in 1997 was \$33,452, ranking Kentucky 34th among the 50 states, with the number one rank having the highest median household income in the country. This ranking shows a considerable improvement over Kentucky's ranking of 48 in 1995. The median household income for the United States in 1997 was \$37,005. However, the median household income in Kentucky grew faster between 1989 and 1997 than the median household income for the nation. The Kentucky figure was 90.4 percent of the national median in 1997, 84.9 percent of the national median in 1995, and 75 percent in 1989. The per capita income in Kentucky has remained highest in the more urban counties of Jefferson, Oldham, Fayette and Woodford, the only counties to exceed the national average of \$22,047 in 1994 and \$25,288 in 1997. Fayette and Woodford Counties also contain many of the state's horse farms, influencing the per capita rate. Kentucky's per capita income in 1997 was \$20,570, ranking Kentucky 40th in the nation and 81 percent of the national average per capita income. The 1997 per capita income also reflects a 5.6 percent increase over the 1996 per capital income. However, Kentucky's per capita income in 1998 rose to \$26,412, bringing Kentucky's per capita income level to 81.4 percent of the national average per capita income and a ranking of 39th in the nation.

The lowest incomes have historically been concentrated primarily in the eastern Appalachian area, where six counties did not reach even half of the national per capita figure in 1990. The lowest per capita income was in Elliott County (Eastern Kentucky), where the income was \$10,079. Exhibit 6 reflects the distribution of the per capita income for Kentucky counties in 1997, the last census year.

According to the U.S. Department of Housing and Urban Development, the median family income for the United States was \$47,600 in Fiscal Year 1999, while this same figure for Kentucky was only \$39,300, or 82.6 percent of the national figure. The counties reflecting the highest family income were the Boone, Kenton and Campbell area in Northern Kentucky. The lowest family incomes were in Martin, Breathitt, Clay, McCreary, Owsley and Wolfe Counties. Wolfe County had the lowest median family income of \$16,000 in Fiscal Year 1999. Most of these counties are located in the eastern rural region in Kentucky.

While Kentucky's poverty rate increased from 19.0 percent in 1989 to 19.6 percent in 1993, the poverty rate declined in 66 (55 percent) of the 120 counties during this same period. However, in 1995 Kentucky's poverty rate decreased to 17.9 percent, as compared to 13.8 percent for the United States for this same year. Of the 747,919 persons in poverty in 1993, 38.7 percent lived in the state's metropolitan areas. Exhibit 7 shows the concentration in the southeastern counties of a higher percentage of persons below the poverty level, as provided by the 1990 Census. The poverty level for a family of four was \$16,813 in 1998.

Kentucky has 49 of the 120 counties located within the Appalachian Region, with 40 of those counties included in the Appalachian Regional Commission's designated "Distressed Counties." To be designated as a "distressed county", the county must meet the following guidelines:

- Have 150 percent of the US Unemployment Rate (8 percent)
- Have 150 percent of the US Poverty Rate (19.7 percent)
- Have less than 67 percent of the US Per Capita Market Income, or 200 percent poverty

MINORITIES

Kentucky's minority population in 1990 according to the 1990 Census Data was only 8.5 percent of the total state population. According to the Bureau of the Census' Estimates of the Population by Race for 1997, the percentages statewide and by county in Kentucky have changed very little. The percentage of minorities in Kentucky was estimated at 8.8 percent in 1997. "Minorities" in this document have been defined in the same manner as the U.S. Census Bureau and the FHWA Order dated December 2, 1988, as including the following races: Black, Asian American, American Indian, Alaskan Native and Hispanic. In 1990, the only counties having a minority percentage of more than 20 percent were Fulton County in far Western Kentucky and Christian County in southwestern Kentucky on the Tennessee border. In 1997 only one county had a minority percentage of greater than 20 percent, which was Christian County at 31.3 percent, followed by Fulton County at 19.6 percent. Exhibit 8 reflects the percentage of minorities in the total population for each county in Kentucky.

The counties in Kentucky having less than one percent of minorities in 1990 were almost all located in the eastern region of the state as shown in Exhibit 8. The only exceptions to the Eastern Kentucky geographic location for low minority populations were Marshall, McLean and Butler Counties in Western Kentucky, Casey and Clinton Counties in South Central Kentucky, and Grant, Bracken and Robertson Counties in Northern Kentucky.

In 1997, the estimates reveal the same distribution of low percentages of minorities by county with the following counties having the lowest percentages at 0.4 percent: Elliott, Robertson and Wolfe.

As shown by Exhibit 26 in the “Statewide Transportation Planning Process” Section of this document, Kentucky is striving to reach the underserved populations of the Commonwealth by studying routes which would provide greater access and connectivity for the minority and low income areas of the state. Kentucky will also incorporate the consideration of minorities and low-income populations when striving to plan for the best route alternatives and options for Kentucky’s roadway projects. Exhibit 31 and 32 illustrate how Kentucky’s Long-Range Highway Projects are distributed among Kentucky’s counties, while showing the percentages of minority and low-income populations in each county.

ECONOMIC INCENTIVE PROGRAMS

There are two major economic incentive programs in Kentucky that merit special consideration for future transportation improvements: the federal Empowerment Program and the Kentucky Enterprise Zone Program (Exhibit 9). The Empowerment Zone initiative is a federal government program to enable the self-revitalization and growth of distressed urban and rural areas. In December 1994, the counties of Clinton and Jackson and part of Wayne County, Kentucky, received a rural Empowerment Zone designation. Businesses that qualify and operate in the Empowerment Zone will be eligible for federal incentives which include tax incentives and employer wage credit.

The Kentucky Enterprise Zone Program, created by the General Assembly in 1982, targets areas in the state which meet all of the following requirements: must have a continuous boundary; the average unemployment rate is at least 1.5 times the national average for 18 months; 70 percent of its residents have incomes below 80 percent of the locality’s median income; and a population decline of 10 percent or more occurred between 1980 and 1990 Census years. The Enterprise Zone Program provides tax incentives to stimulate business and industrial growth in economically distressed areas. Some additional regulations are eased which encourage the development of the area for a period of up to 20 years after the date of designation. Kentucky has identified ten cities and communities as state enterprise zones since 1983. The state’s four largest cities have designated enterprise zones – Louisville, Lexington, Owensboro, and Covington. The six remaining designated zones are: Ashland and Knox County in Eastern Kentucky; Paducah, Hickman-Fulton Counties, and Hopkinsville in Western Kentucky; and Campbell County, a large multi-jurisdictional zone in Northern Kentucky.

The transportation system for tomorrow is based on the structure, conditions, and habits of the past. Considering that corporate executives list highway accessibility, nearness to major markets, and accessibility to a major airport as the top three site selection factors, it is obvious that transportation will be a major component in Kentucky’s future economic development.

In the following chapters, an overview of the existing transportation system, the federal and statewide planning process, the public involvement process, the project selection process, the funding of Kentucky's transportation system, and the long-range term and short-range improvements to meet the needs of Kentucky will be addressed.

INSERT EXHIBIT 4

INSERT EXHIBIT 5

INSERT EXHIBIT 6

INSERT EXHIBIT 7

INSERT EXHIBIT 8

INSERT EXHIBIT 9